

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC**

In the Matter of:

Request for Review and Waiver)	
of the Decision of the)	
Universal Service Administrator by)	
)	
Putnam City Independent School District 1)	CC Docket No: 02-6
BEN Number: 139836)	
)	
Schools and Libraries Universal Service)	
Support Mechanism)	
)	
Wireline Competition Bureau)	

REQUEST FOR REVIEW AND WAIVER

INTRODUCTION

On February 15, 2007, Putnam City was notified by the SLD that two of their 2006 Funding Requests were denied because, “FCC rules require that a contract for the products/services be signed and dated by both parties prior to the filling of the Form 471. This requirement was not met.”

Section 54.719(c) of the Commission’s rules provides that any person aggrieved by an action taken by a division of the Universal Service Administrative Company (USAC) may seek review from the Commission.¹ Putnam City Independent School District 1 (Putnam City) hereby appeals the current action taken by USAC regarding both of their Funding Year 2006 funding requests.

BACKGROUND

On January 5, 2006, Putnam City released Form 470 # 137160000571672. The allowable contract date on this RFP was February 2, 2006. Putnam City then filed their Form 471

¹ 47 C.F.R. § 54.719(c).

Application Number 518354 which contained all of Putnam City's Priority One funding requests for FY2006 on February 15, 2006.

The funding requests under appeal are both listed on the above referenced Form 471. The first funding request under appeal is FRN 1446335 for telecommunications service with Cox Oklahoma Telcom (SPIN 143005575). The second FRN under appeal is FRN 1446990 for internet access with CoxCom, Inc. (SPIN 143018999).² For both of these requests, Putnam City filed the requests as services to be provided on a month-to-month basis.

On February 15, 2007, Putnam City was notified by the SLD that both funding requests were denied because, "FCC rules require that a contract for the products/services be signed and dated by both parties prior to the filling of the Form 471. This requirement was not met."

DISCUSSION

The SLD website gives the following guidance regarding a service provider providing services on a month-to-month or tariffed basis.

A service provider selected by an applicant after an open and fair competitive bidding process may be providing services under tariff (for telecommunications services only), under a month-to-month arrangement, or under a contract. Tariffed and month-to-month services do not require a contract, although applicants and service providers may enter into a contract for these services.³

As this shows, an applicant can conduct an open and competitive bidding process and then choose to receive services on a month-to-month basis. When Putnam City released their Form 470 to begin the competitive bidding process for FY2006, the District posted a Form 470 seeking services, received no bids and evaluated their current provider (Cox

² Both of these services were to be provided from the same service provider, Cox Communications. The service provider uses a separate SPIN to provide telecommunication services to its E-rate customers.

³ See <http://www.universalservice.org/sl/providers/step04/>

Communications) on a month-to-month basis per the terms contained in previous contracts.⁴

When Putnam City filed their Form 471, the District correctly filled out their Block 5 request information. At the time the District filed their Form 471, the District did not have a signed contract with the service provider. Instead the District was going to receive services on a month-to-month basis to receive both the telecom and internet access services from Cox Communication.

Seven months later, Cox Communications contacted Putnam City with an offer that would allow them to bundle their telecom services and receive a slight discount on the current services while receiving a new 1gb line. Putnam City accepted the offer since it would provide better service at a lower price, and on September 18, 2006, Putnam City and Cox signed a commercial services agreement so Putnam City could issue a purchase order for the services.

During the PIA review for Putnam City's Priority One requests, the District was asked to provide contracts to the reviewer. Since the request came after the September purchase agreement with Cox was signed, it was provided to the reviewer. This agreement became the basis for the SLD to deny both of the Cox requests for signing a contract after the Form 471 was filed. At this time, the District would request the FCC to waive this requirement.

No Evidence of Intent to Defraud or Abuse the Program

Through out this process, Putnam City has done nothing to create waste, fraud, or abuse on the program. Instead Putnam City opened a competitive bidding process, decided to continue service with their original service provider, and filed correctly to receive those services on a month-to-month basis. It was seven months later upon receiving an offer to

⁴ The District has attached their Form 470 # 137160000571672 as Exhibit A. As the Form shows, the District checked Box 7a. which informed possible service providers the District was looking at receiving month-to-month or tariffed services.

receive more services at a reduced price that the District was left without guidance from the SLD.

Modifying agreement to achieve a more cost-effective solution is certainly in the spirit of the program rules. Whether Cox submitted their revised pricing in February or September, the end-result would've been the same; therefore, where is the waste, fraud and abuse?

Contract Modifications are Permitted in the E-rate Program

Contract modifications are allowed and anticipated by the program rules. A modification to the terms of a contract are certainly appropriate, and, in this case, changing to contract terms, when the Form 470 did indicated that a contract would be considered, was in the best of the District and the E-rate program. After all, at the time, the District had no way of knowing for certain if it would even receive a FCDL. Signing a service agreement was a more cost effective-solution than originally provided by the service provider, and it was reasonable for the District to assume that USAC would allow it to modify the terms of its agreement with the same service provider.

The E-rate program rules anticipate contract changes in many different situations. An applicant can file a Form 500 to change contract end dates, or file for a product substitution.

The Universal Service News Brief distributed on Friday April 6th, 2007 includes information regarding an operational SPIN change in which the example provided allows a school to completely change internet providers upon receipt of a lower cost offer.⁵ The “green school” example further allows for the FRN to be split between service providers and move funds to a new FRN listing a new service provider and reducing the overall funding commitment amount.

⁵ The News Brief is Attached as Exhibit B.

Putnam City did not switch service providers nor did the District violate any competitive bidding regulations. The District factually submitted its application and purchased services on a month-to-month basis as indicated in the submission of the 471 application. In September, Putnam City signed a service agreement with their current service provider to receive a bundled service offering, for the same service, including a lower price and enhanced services. Current program rules allow an applicant to submit an operational SPIN change and even substitute services if needed. The SLD has even provided guidance for requesting an Operational SPIN change for month-to-month services.⁶ At a minimum Putnam City should be allowed to split the FRN and have the first two months with Cox on a month-to-month basis and the remaining 10 months with Cox on a separate FRN referencing the contract.

SUMMARY

The District posted a Form 470 seeking services, received no bids and evaluated their current provider (Cox Communications) on a month-to-month basis per the terms contained in previous contracts.⁷ Putnam City then filed a Form 471 listing the current provider on a month-to-month basis. The District was receiving service from Cox on a month-to-month basis at the time of the application submission and into the start of the 2006 funding year. Two months into the 2006 Funding Year, Cox presented Putnam City a bundled offer to combine services at a better rate upon signing a new service agreement.

⁶ The SLD website provides the following guidance at: <http://www.universalservice.org/sl/about/changes-corrections/operational-spin.aspx>
Operational SPIN changes may be requested and approved for tariffed and month-to-month services as well as for contract services.

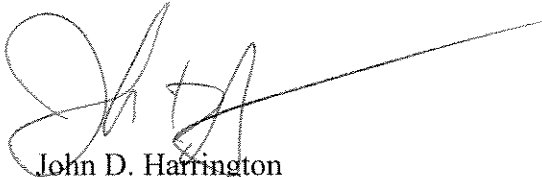
The SLD will consider SPIN change requests for tariffed and month-to-month services as well as for contract services. For tariffed and month-to-month services, there would be no issue of the change being permitted under the terms of the contract; however, compliance with state and local procurement rules and notification to the service provider are required.

⁷ For the services provided by Cox, the District had previously selected this same service provider as a result of a competitive bidding process done in 2003. During this earlier selection process, the District had signed two separate contracts with Cox, one for telecom services and one for internet access. Both of the original contracts state that the terms and conditions of the contract will be the tariff rate on file with the State of Oklahoma and also contain a clause which states, "After the initial term, this Agreement shall automatically renew on a month-to-month basis and shall be subject to the terms of this Agreement."

The District can certainly see the wisdom in requiring that contracts contain extension clauses and renewal options for *subsequent* funding years; however, in this case, the applicant was not trying to avoid a competitive bidding process in a subsequent funding year. Putnam City was denied funding in the *initial* contract period and in the *initial* funding year immediately following a properly conducted form 470 selection process, in which a cost-effective service provider was identified. During the course of implementing the service, the applicant became aware of a more cost-effective solution available via the same service provider AND this was all prior to the USAC release of a funding commitment (or even the PIA process).

Putnam City respectfully requests the FCC to remand the case back to the SLD with orders that both of the funding requests at issue be funded.

Respectfully,

A handwritten signature in black ink, appearing to read 'JDH', with a long horizontal line extending to the right.

John D. Harrington
Funds For Learning, LLC
On Behalf of Putnam City Independent School District 1

501 South Coltrane
Edmond, OK 73003
405.341.4140
jharrington@fundsforlearning.com

470

Schools and Libraries Universal Service Description of Services Requested and Certification Form

Form retrieved from SLD site: 2006-01-05 10:20:47
 Current status of form: CERTIFIED

Estimated Average Burden Hours Per Response: 4.0 hours

This form is designed to help you describe the eligible telecommunications-related services you seek so that this data can be posted on the Fund Administrator website and interested service providers can identify you as a potential customer and compete to serve you.

Please read instructions before beginning this application.

(To be completed by entity that will negotiate with providers.)

Block 1: Applicant Address and Identifications

Form 470 Application Number: **137160000571672**Applicant's Form Identifier: **PCFY07470**Application Status: **CERTIFIED**Posting Date: **01/05/2006**Allowable Contract Date: **02/02/2006**Certification Received Date: **01/05/2006****1. Name of Applicant:****PUTNAM CITY INDEP SCH DIST 1****2. Funding Year:****07/01/2006 - 06/30/2007****3. Your Entity Number****139836****4a. Applicant's Street Address, P.O.Box, or Route Number****5401 NW 40TH ST**

City

OKLAHOMA CITY

State

OK

Zip Code

73122-3302**b. Telephone number****(405) 495- 5200****c. Fax number****(405) 495- 8648****5. Type Of Applicant**

- ☐ Individual School (individual public or non-public school)
- ☐ School District (LEA;public or non-public[e.g., diocesan] local district representing multiple schools)
- ☐ Library (including library system, library outlet/branch or library consortium as defined under LSTA)
- ☐ Consortium (intermediate service agencies, states, state networks, special consortia of schools and/or libraries)

6a. Contact Person's Name: Bettie Estes-Rickner

First, if the Contact Person's Street Address is the same as in **Item 4** above, check this box. If not, please complete the entries for the Street Address below.

6b. Street Address, P.O.Box, or Route Number☐ **5401 NW 40TH ST**

City

OKLAHOMA CITY

State

OK

Zip Code

73122-3302

Check the box next to your preferred mode of contact and provide your contact information. One box **MUST** be checked and an entry provided.

☐ **6c. Telephone Number (405) 495- 5200**☐ **6d. Fax Number (405) 495- 8648**☐ **6e. E-mail Address ber@putnamcityschools.org**

Block 2: Summary Description of Needs or Services Requested

7 This Form 470 describes (check all that apply):

- a.** ☒ Tariffed or month-to-month services to be provided without a written contract. A new Form 470 must be filed for non-contracted tariffed or month-to-month services for each funding year.

b. ☒ Services for which a new written contract is sought for the funding year in Item 2.
Check if you are seeking ☐ a multi-year contract and/or ☐ a contract featuring voluntary extensions

c. ☐ A multi-year contract signed on or before 7/10/97 but for which no Form 470 has been filed in a previous funding year.

NOTE: Services that are covered by a signed, written contract executed pursuant to posting of a Form 470 in a previous funding year OR a contract signed on/before 7/10/97 and previously reported on a Form 470 as an existing contract do NOT require filing of a new Form 470.

What kinds of service are you seeking: Telecommunications Services, Internet Access, Internal Connections Other than Basic Maintenance, or Basic Maintenance of Internal Connections? Refer to the Eligible Services List at www.sl.universalservice.org for examples. Check the relevant category or categories (8, 9, 10 and/or 11 below), and answer the questions in each category you select.

8 ☒ Telecommunications Services

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ? If you check YES, your RFP must be available to all interested bidders for at least 28 days. If you check YES and your RFP is not available to all interested bidders, or if you check NO and you have or intend to have and RFP, you risk denial of your funding requests.

a ☒ **YES**, I have released or intend to release an RFP for these services. It is available or will become available on the Web at or via (check one):
☐ the Contact Person in Item 6 or ☐ the contact listed in Item 12.

b ☒ **NO**, I have not released and do not intend to release an RFP for these services.

Whether you check YES or NO, you must list below the Telecommunications Services you seek. Specify each **service or function** (e.g., local voice service) and quantity and/or capacity (e.g., 20 existing lines plus 10 new ones). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Attach additional lines if needed.

c <input checked="" type="checkbox"/> Check this box if you prefer discounts on your bill.	<input checked="" type="checkbox"/> Check this box if you prefer reimbursement after paying your bill in full.	<input checked="" type="checkbox"/> Check this box if you do not have a preference.
--	--	---

Service or Function:	Quantity and/or Capacity:
Basic telephone services	32
Long distance voice service	32 buildings
Cell Phones	150 handsets plus service for all
Pagers	25

9 ☒ Internet Access

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ? If you check YES, your RFP must be available to all interested bidders for at least 28 days. If you check YES and your RFP is not available to all interested bidders, or if you check NO and you have or intend to have and RFP, you risk denial of your funding requests.

a ☒ **YES**, I have released or intend to release an RFP for these services. It is available or will become available on the Web at or via (check one):
☐ the Contact Person in Item 6 or ☐ the contact listed in Item 12.

b ☒ **NO**, I have not released and do not intend to release an RFP for these services.

Whether you check YES or NO, you must list below the Internet Access Services you seek. Specify each **service or function** (e.g., monthly Internet service) and quantity and/or capacity (e.g., for 500 users). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Attach additional lines if needed.

c <input checked="" type="checkbox"/> Check this box if you prefer discounts on your bill.	<input checked="" type="checkbox"/> Check this box if you prefer reimbursement after paying your bill in full.	<input checked="" type="checkbox"/> Check this box if you do not have a preference.
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Service or Function:	Quantity and/or Capacity:
Monthly Internet Service	All classrooms, libraries, labs, and offices in 32 buildings

Basic conduit access via 100 Mb feed with ATM connection

All rooms in 32 facilities

10 ☒ Internal Connections Other than Basic Maintenance

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ? If you check YES, your RFP must be available to all interested bidders for at least 28 days. If you check YES and your RFP is not available to all interested bidders, or if you check NO and you have or intend to have an RFP, you risk denial of your funding requests.

a ☒ **YES**, I have released or intend to release an RFP for these services. It is available or will become available on the Web at or via (check one):

☒ the Contact Person in Item 6 or ☐ the contact listed in Item 12.

b ☐ **NO**, I have not released and do not intend to release an RFP for these services.

Whether you check YES or NO, you must list below the Internal Connections Services you seek. Specify each **service or function** (e.g., a router, hub and cabling) and quantity and/or capacity (e.g., connecting 1 classroom of 30 students). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Attach additional lines if needed.

c ☒ **Check this box if you prefer discounts on your bill.**

☐ **Check this box if you prefer reimbursement after paying your bill in full.**

☐ **Check this box if you do not have a preference.**

Service or Function:

Email servers

Quantity and/or Capacity:

4

11 ☐ Basic Maintenance of Internal Connections

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ? If you check YES, your RFP must be available to all interested bidders for at least 28 days. If you check YES and your RFP is not available to all interested bidders, or if you check NO and you have or intend to have an RFP, you risk denial of your funding requests.

a ☐ **YES**, I have released or intend to release an RFP for these services. It is available or will become available on the Web at or via (check one):

☐ the Contact Person in Item 6 or ☐ the contact listed in Item 12.

b ☐ **NO**, I have not released and do not intend to release an RFP for these services.

Whether you check YES or NO, you must list below the Basic Maintenance Services you seek. Specify each **service or function** (e.g., basic maintenance of routers) and quantity and/or capacity (e.g., for 10 routers). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Attach additional lines if needed.

c ☐ **Check this box if you prefer discounts on your bill.**

☐ **Check this box if you prefer reimbursement after paying your bill in full.**

☐ **Check this box if you do not have a preference.**

12 (Optional) Please name the person on your staff or project who can provide additional technical details or answer specific questions from service providers about the services you are seeking. This need not be the contact person listed in Item 6 nor the Authorized Person who signs this form.

Name:

Title:

Telephone number

() -

Fax number

() -

E-mail Address

13a. ☐ Check this box if there are any restrictions imposed by state or local laws or regulations on how or when service providers may contact you or on other bidding procedures. Please describe below any such restrictions or procedures, and/or a Web address where they are posted and provide a contact name and telephone number.

☐ Check this box if no state and local procurement/competitive bidding requirements apply to the procurement of services sought on this Form 470.

13b. If you have plans to purchase additional services in future years, or expect to seek new contracts for existing services, you may summarize below (including the likely timeframes). If you are requesting services for a funding year for which a Form 470 cannot yet be filed online, include that information here.

Currently, the district has multi-year contracts for telecommunications and Internet access that will be renegotiated one year from now.

Block 3: Technology Resources

14. ☐ Basic telephone service only: If your application is for basic telephone service and voice mail only, check this box and skip to Item 16. Basic telephone service is defined as wireline or wireless single line voice service (local, cellular/PCS, and/or long distance) and mandatory fees associated with such service (e.g., federal and state taxes and universal service fees).

15. Although the following services and facilities are ineligible for support, they are usually necessary to make effective use of the eligible services requested in this application. Unless you indicated in Item 14 that your application is ONLY for basic telephone service, you must check at least one box in (a) through (e). You may provide details for purchases being sought.

a. Desktop software: Software required ☒ has been purchased; and/or ☐ is being sought.

b. Electrical systems: ☒ adequate electrical capacity is in place or has already been arranged; and/or ☐ upgrading for additional electrical capacity is being sought.

c. Computers: a sufficient quantity of computers ☒ has been purchased; and/or ☐ is being sought.

d. Computer hardware maintenance: adequate arrangements ☒ have been made; and/or ☐ are being sought.

e. Staff development: ☒ all staff have had an appropriate level of training /additional training has already been scheduled; and/or ☐ training is being sought.

f. Additional details: Use this space to provide additional details to help providers to identify the services you desire.

Block 4: Recipients of Service

16. Eligible Entities That Will Receive Services:

Check the ONE choice (Item 16a, 16b or 16c) that best describes this application and the eligible entities that will receive the services described in this application. You will then list in Item 17 the entity/entities that will pay the bills for these services.

a. ☐ Individual school or single-site library.

b. ☐ Statewide application for (enter 2-letter state code) representing (check all that apply):

☐ All public schools/districts in the state:

☐ All non-public schools in the state:

☐ All libraries in the state:

If your statewide application includes INELIGIBLE entities, check here. ☐ **If checked, complete Item 18.**

c. ☐ School district, library system, or consortium application to serve multiple eligible entities:

Number of eligible sites	32
<i>For these eligible sites, please provide the following</i>	
Area Codes (list each unique area code)	Prefixes associated with each area code (first 3 digits of phone number) separate with commas, leave no spaces

405	491,495,720,721,722,728,773,787,789,842,942,947
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17. Billed Entities

17. Billed Entities: List the entity/entities that will be paying the bills directly to the provider for the services requested in this application. These are known as Billed Entities. At least one line of this item must be completed. If a Billed Entity cited on your Form 471 is not listed below, funding may be denied for the funding requests associated with this Form 470.

Entity	Entity Number
PUTNAM CITY INDEP SCH DIST 1	139836

18. Ineligible Participating Entities

List the names of any entity/entities here for whom services are requested that are not eligible for the Universal Service Program.

Ineligible Participating Entity	Area Code	Prefix
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Block 5: Certification and Signature**19. ☒ I certify that the applicant includes:(Check one or both.)**

- a. ☒ schools under the statutory definitions of elementary and secondary schools found in the **No Child Left Behind Act of 2001, 20 U.S.C.Secs.7081(18) and (38)**, that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
- b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any school (including, but not limited to elementary and secondary schools, colleges and universities).

20. ☒ I certify that all of the individual schools, libraries, and library consortia receiving services under this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, an SLD-certified technology plan approver, prior to the commencement of service. The plans were written at the following level(s):

- a. ☒ individual technology plans for using the services requested in the application, and/or
- b. ☐ higher-level technology plans for using the services requested in the application, or
- c. ☐ no technology plan needed; application requests basic local, cellular, PCS, and/or long distance telephone service and/or voice mail only

21. ☒ I certify that I will post my Form 470 and (if applicable) make my RFP available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted will be carefully considered and the bid selected will be for the most cost-effective service or equipment offering, with price being the primary factor, and will be the most cost-effective means of meeting educational needs and technology plan goals. I certify that I will retain required documents for a period of at least five years after the last day of service delivered. I certify that I will retain all documents necessary to demonstrate compliance with the status and Commission rules regarding the application for, receipt of, and delivery of services receiving schools and libraries discounts. I acknowledge that I may be audited pursuant to participation in the schools and libraries program.

22. ☒ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by the Commission's rules at 47 C.F.R. Sec. 54.500(k). Additionally, I certify that the entity or entities listed on this application have not received anything of value or a promise of anything of value, other than the services and equipment sought by means of this form, from the service provider.

or any representative or agent thereof or any consultant in connection with this request for services.

23. ☒ I acknowledge that support under this support mechanism is conditional upon the school(s) and/or library(ies) I represent securing access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support.

24. ☒ I certify that I am authorized to order telecommunications and other supported services for the eligible entity(ies). I certify that I am authorized to submit this request on behalf of the eligible entity(ies) listed on this application, that I have examined this request, and to the best of my knowledge, information, and belief, all statements of fact contained herein are true.

25. ☒ I certify that I have reviewed all applicable state and local procurement/competitive bidding requirements and that I have complied with them. I acknowledge that persons willfully making false statements on this form can be punished by fine or forfeiture, under the Commissions Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

26. ☒ I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program.

27. Signature of authorized person: ☒

28. Date (mm/dd/yyyy): **01/05/2006**

29. Printed name of authorized person: **Bettie Estes-Rickner**

30. Title or position of authorized person: **Director, Information Technology Service**

31a. Address of authorized person: **5401 NW 40th Street**

City: **Oklahoma City** State: **OK** Zip: **73122**

31b. Telephone number of authorized person: **(405) 491 - 7521** ext. **1247**

31c. Fax number of authorized person: **(405) 4950194**

31d. E-mail address number of authorized person: **ber@putnamcityschools.org**

31e. Name of authorized person's employer: **Putnam City Schools**

Service provider involvement with preparation or certification of a Form 470 can taint the competitive bidding process and result in the denial of funding requests. For more information, refer to the SLD web site at www.sl.universalservice.org or call the Client Service Bureau at 1-888-203-8100.

NOTICE: Section 54.504 of the Federal Communications Commission's rules requires all schools and libraries ordering services that are eligible for and seeking universal service discounts to file this Description of Services Requested and Certification Form (FCC Form 470) with the Universal Service Administrator. 47 C.F.R. § 54.504. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended. 47 U.S.C. § 254. The data in the report will be used to ensure that schools and libraries comply with the competitive bidding requirement contained in 47 C.F.R. § 54.504. All schools and libraries planning to order services eligible for universal service discounts must file this form themselves or as part of a consortium.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or a potential violation of any applicable statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding. In addition, information provided in or submitted with this form or in response to subsequent inquiries may also be subject to disclosure consistent with the Communications Act of 1934, FCC regulations, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law.

If you owe a past due debt to the federal government, the information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide the information to these agencies through the matching of computer records when authorized.

If you do not provide the information we request on the form, the FCC may delay processing of your application or may return your application without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, DC 20554.

Please submit this form to:

**SLD-Form 470
P.O. Box 7026
Lawrence, Kansas 66044-7026
1-888-203-8100**

For express delivery services or U.S. Postal Service, Return Receipt Requested, mail this form to:

**SLD Forms
ATTN: SLD Form 470
3833 Greenway Drive
Lawrence, Kansas 66046
1-888-203-8100**

FCC Form 470
November 2004

Exhibit B

[Back](#)

Schools and Libraries News Brief

April 6, 2007

TIP OF THE WEEK: Check the preferred mode of contact information you supplied on your Form 471 and monitor it regularly so that you receive timely notification of application review questions and other communications from USAC. If it is incorrect, use the [Contact Information Change procedure](#) to make any necessary changes.

Agenda Posted for Service Provider Training

USAC has posted the agenda for the service provider training sessions in Atlanta and Chicago. You can find the agenda – along with information on the locations and times of the training sessions – from the [2007 Service Provider Training Information page](#).

The training presentations will be the same for both sessions. We will post the presentations to the above web page in the near future. Attendees are requested to download or print the presentations and bring them along to the training; we will not have printed copies available.

Operational SPIN Changes

In certain situations, applicants can request a change to the Service Provider Identification Number (SPIN) associated with a Funding Request Number (FRN). [SPIN Changes](#) fall into two general categories:

- A [Corrective SPIN Change](#) is, as its name implies, a change made because the existing SPIN on an FRN does not identify the correct service provider. This can be due to a data entry error, a merger or acquisition, or an interim SPIN used as a placeholder when a valid SPIN is not yet available.
- An [Operational SPIN Change](#) is an actual change from one service provider to another. An Operational SPIN change can be requested after a commitment has been made and can occur before or after services have started.

Last week we discussed Corrective SPIN Changes; this week we will take a look at Operational SPIN Changes.

In the [Copan Order](#) (FCC 00-100, released March 16, 2000), the FCC provided guidance on the situations in which an applicant can change service providers. In general, Operational SPIN Changes can only occur after USAC has issued a funding commitment. In other words, USAC must complete its review of the application – which can include the technology plan that the applicant created, the competitive bidding process that the applicant followed, the recipients of service that the applicant specified in the Form 471 Block 4 worksheet, and so on – and make a positive decision on the funding request as it was submitted before the applicant can request a change of service provider.

The applicant must make three certifications as part of a request for an Operational SPIN Change:

- The change of service providers is allowed under the applicable state and local procurement rules.
- The change of service providers is allowed under the terms of the contract between the applicant and the original service provider.
- The applicant has notified the original service provider of its intent to change service providers.

Tariffed or month-to-month services

USAC can process Operational SPIN Changes for services provided without a contract. Such services include non-contracted services provided under tariff (such as basic telephone service) or a month-to-month arrangement (such as monthly Internet access). Because there is no contract, the second of the three certifications above would be unnecessary; however, the applicant must comply with state and local procurement rules and must notify the original service provider.

Services covered by multi-year contracts

USAC can also process Operational SPIN Change requests for services provided under a multi-year contract. However, certain additional restrictions apply:

- The contract with the new service provider cannot have an expiration date later than the contract with the original service provider.
- The term of the contract cannot be longer than the term described in the establishing Form 470 or the Request for Proposals (RFP) under which the original service provider was selected.

Service substitutions

An Operational SPIN Change does **not** encompass changes or substitutions in the specific products and/or services for which discounts were provided. If the applicant requests only an Operational SPIN Change, USAC will assume that the products and services covered under the approved funding request will remain the same. However, in some cases, changing service providers may also require requesting some changes to the products and/or services approved for discounts.

If the request for an Operational SPIN Change will result in the need for a service substitution request, the applicant can make a simultaneous request for both. To make a simultaneous request, prepare the Operational SPIN Change request following the guidance in the [Operational SPIN Change guidance](#) on the website. Then follow the steps outlined in the [Service Substitutions](#) guidance posted on the website and include a copy of the Operational SPIN Change request with the service substitution request.

If there is a problem with either the Operational SPIN Change request or the service substitution request and USAC is unable to proceed with one request, USAC will contact the applicant to determine if it should continue to process the remaining request.

Deadlines

In general, Operational SPIN Changes cannot be requested before the date of the FCDL nor after the [last date to submit an invoice](#). Remember that the last date to invoice depends on the last date to receive service and that, in some circumstances, extensions of both of these dates can be requested and granted. To calculate a deadline, you can use the [Deadlines tool](#) on the website.

If you are changing service providers during the funding year, you should file your Operational SPIN Change request as soon as possible. As a caution, note that if you have already filed a Form 486 for the affected Funding Request Number (FRN), USAC will continue to pay invoices from the original service provider until you submit a request for a change.

Requesting an Operational SPIN Change

To prepare your request, follow the specific guidance in the [Operational SPIN Change document](#) on the website. You should:

- provide specific information on both the original and new service providers and the costs of the products and services
- include the certifications referenced above
- clearly mark your request as an "Operational SPIN Change"
- include contact information in case USAC has questions about your request.

Operational SPIN Changes can be filed by email, fax, or mail. Again, review the guidance on the website for submission instructions.

Example

On January 1, 2006, Green School District (SD) signed a two-year contract with Blue Internet Service Provider (ISP) for two years' worth of Internet access at a rate of \$500 per month beginning July 1, 2006. Green SD was eligible for an 80% discount. Green SD applied for and received a funding commitment for FY2006 for \$4,800. Green SD filed a Form 486 for the FRN on July 1, 2006.

On August 1, 2006, Green SD receives an offer for the same Internet service from Yellow ISP at \$400 per month. Green SD determines that it would like to change service providers effective January 1, 2007.

Here is a sequence of events that could occur:

- Green SD verifies that the change of service providers is allowable under its state and local procurement rules and under the terms of the existing contract.
- Green SD notifies Blue ISP as specified in the terms and conditions of the original

contract that it intends to terminate service effective January 1, 2007.

- Green SD completes its negotiations with Yellow ISP and signs an 18-month contract with a contract expiration date of June 30, 2008, the same date as that in the original contract.
- Green SD files an Operational SPIN Change request with USAC to change from Blue ISP to Yellow ISP as of January 1, 2007.
- USAC approves the request. Because USAC will make payments to both service providers during the funding year, USAC creates a second FRN that features Yellow ISP's SPIN.
- The original FRN has a committed amount of \$2,400, a service start date of July 1, 2006, and a service end date of December 31, 2006.
- The second FRN has a committed amount of \$1,920, a service start date of January 1, 2007, and a service end date of June 30, 2007.

Note the following:

- Green SD reduced the overall amount of funding requested from \$4,800 to \$4,320 because its costs were reduced under the new contract. Green SD made this adjustment as part of its Operational SPIN Change request, so it was not necessary for Green SD to file a Form 500.
- If Green SD waited until March 31, 2007 to file its Operational SPIN Change request but USAC had already processed and paid invoices from Blue ISP for January, February, and March of 2007, USAC would not be able to move more than the amount remaining on the original funding commitment to the new FRN.
- Green SD can apply for funding for FY2007 for the second year of its new contract. The Form 470 cited on the original FRN from FY2006 can serve as the establishing Form 470.
- However, Green SD cannot extend the 18-month contract with Yellow SP for FY2008, but must post a new Form 470 and conduct a competitive bidding process for that funding year.

You should refer to the [Operational SPIN Change guidance](#) on the USAC website for a list of details required by USAC to process an Operational SPIN Change and the email, fax, and mail options you can use to submit your request.

HATS Quote for April:

"I feel that the HATS Initiative is a great idea and wish that USAC had offered this program three years ago when the school was having such difficulties."

J. Abrams, Facilities Systems Manager of the Jewish Institute of Queens

For more information on the Helping Applicants to Succeed (HATS) site visit outreach initiative, you can refer to the [HATS Overview information](#) on the USAC website.

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[Back](#)